

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-05 L-02 ACDA-05

NSAE-00 PA-01 RSC-01 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 EB-07 SS-15 NSC-05 /067 W

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R 261800Z NOV 74

FM USMISSION NATO

TO AMEMBASSY PARIS

USOECD PARIS

SECSTATE WASHDC 8992

INFO SECDEF WASHDC

C O N F I D E N T I A L USNATO 6573

E.O. 11652: GDS

TAGS: MARR, NATO

SUBJECT: NATO-HAWK CUSTOMS AND TAXES WORKING GROUP

EMBASSY FOR USNHLO (MR BERMAN) AND MINECON (MR PETROW).  
OECD FOR FINANCIAL ADVISOR.

REFS: A. USNATO 5522.

B. STATE 258069. (NOTAL)

C. USNATO 5572.

BEGIN SUMMARY. USNATO REQUESTS ASSISTANCE OF USNHLO, AMEMB  
PARIS ECONOMIC COMMERCIAL COUNSELOR AND OECD FINANCIAL ADVISOR  
IN PREPARATION OF US APPROACH TO WASHINGTON APPROVED  
PARTICIPATION IN NATO-HAWK CUSTOMS AND TAXES WORKING GROUP  
ACTIVITIES. WORKING GROUP MEETS 2-6 DEC IN PARIS AND WILL  
REPORT RECOMMENDATIONS TO NATO-HAWK BOD 10-13 DEC 74.  
MISSION REQUESTS INITIAL VIEWS ON PLAN OF ACTION BY COB 27  
NOV AND FOLLOW-UP ON 2 DEC. END SUMMARY.

1. FOLLOWING OCT MEETING OF NATO-HAWK BOARD OF DIRECTORS (BOD)  
US MEMBER OF BOD (COL LYNCH) SUGGESTED THAT US MIGHT  
CONSIDER FUTURE PARTICIPATION IN NATO-HAWK CUSTOMS AND TAXES  
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WORKING GROUP (REF A). WASHINGTON GUIDANCE CONFIRMS THAT US  
SHOULD PARTICIPATE IN THE PLANNED WORKING GROUP (REF B).

2. NEXT MEETING OF WORKING GROUP (WG) SCHEDULED FOR 2-6 DEC 74

IN PARIS. WG WILL REPORT TO NATO-HAWK BOD DURING MEETING OF 10-13 DEC 74. TO INSURE CONTINUITY OF US COVERAGE BETWEEN ACTIVITIES WEEK PRIOR TO BOD MEETING AND PRESENTATION OF RECOMMENDATIONS TO BOD, US REP WOULD APPRECIATE ASSISTANCE OF USNHLO (US NATO-HAWK LIAISON OFFICE) (MR. BERMAN), AMEMB PARIS ECONOMIC/COMMERCIAL COUNSELOR (MR. PETROW), AND REPRESENTATIVE OF OECD FINANCIAL ADVISOR. IN PARTICULAR, USNATO REQUESTS THAT USNHLO AND DESIGNATED EXPERTS FROM AMEMB PARIS AND OECD COVER ACTIVITIES OF WG DURING PERIOD 2-6 DEC AT NATO-HAWK RUEIL-MALMAISON. US REP TO BOD AVAILABLE ON SHORT NOTICE IF PRESENCE AT WG IS REQUIRED.

3. STATE GUIDANCE TO USNATO FOLLOWS (REF B):

BEGIN QUOTE. YOU SHOULD PARTICIPATE IN THE PLANNED WORKING GROUP ON CUSTOMS PROCEDURES. SECDEF HAS STATED AT PREVIOUS MINISTERIALS THAT ALL NATO COMPETITIVE BIDS SHOULD BE COMPARED EXCLUSIVE OF TAXES, IMPORT DUTIES AND CUSTOMS. YOU SHOULD TAKE SAME POSITION.  
END QUOTE.

PITFALLS INCLUDE (BUT MAY NOT BE LIMITED TO) VULNERABILITY OF US POSITION WITH RESPECT TO BUY-AMERICAN ACT, US GOLD FLOW RESTRAINT POLICIES, AND POSSIBLY US ANTI-DUMPING LEGISLATION. FRENCH REP (GEN CAUCHIE) RAISED RELATED POINTS IN HEATED DISCUSSION AT OCT BOD MEETING OF US-FRENCH DIFFICULTIES OVER KLYSTRON PROCUREMENT PROBLEM (REFS A AND C). US MUST PRESUME THAT ARGUMENTS FOR CUSTOMS/TAXES-FREE BID COMPARISON (TO OBVIOUS ADVANTAGE OF US IN NATO ARENA) WILL MEET WITH HEAVY RESISTANCE AND PROBABLE COUNTER-ATTACK ALONG LINES SUGGESTED. US MUST INSURE THAT ATTEMPTS TO GAIN SECDEF OBJECTIVE OF UNRESTRICTED BID COMPARISON IS NOT COUNTER-PRODUCTIVE.

4. REQUEST USNHLO REP COORDINATE VIEWS OF AMEMB PARIS, OECD AND USNHLO ON PLAN OF ACTION FOR PARTICIPATION IN WG AND PREPARATION OF US POSITION FOR USE AT BOD MEETING. MISSION WOULD APPRECIATE INITIAL VIEWS BY COB 27 NOV AND FOLLOW-UP  
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ON FIRST DAY OF WG MEETING, 2 DEC.  
MCAULIFFE

CONFIDENTIAL

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